

## **MAXIMUM EARNINGS TO QUALIFY FOR EITC**

### **TAX YEAR 2011**

The VITA Return Preparation Adjusted Gross Income (AGI) threshold amount for FY 2012, Tax Year 2011, is **\$50,000**.

The threshold is based on tax year 2011 EITC AGI limits as shown below:

Earned income and adjusted gross income (AGI) must each be less than:

- \$43,998 (\$49,078 married filing jointly) if there are three or more qualifying children, you may be eligible for a credit of up to \$5,751
- \$40,964 (\$46,044 married filing jointly) if there are two qualifying children, you may be eligible for a credit of up to \$5,112
- \$36,052 (\$41,132 married filing jointly) if there is one qualifying child, you may be eligible for a credit of up to \$3,094
- \$13,660 (\$18,740 married filing jointly) if there are no qualifying children, you may be eligible for a credit of up to \$464
- Child Tax Credit is up to \$1,000 per qualifying dependent child
- Child and Dependent Care Tax Credits are worth up to \$2,100

### **What is Earned Income?**

Earned income includes all the taxable income and wages you get from working. There are two ways to get earned income:

You work for someone who pays you  
or

You work in a business you own.

### **Taxable earned income includes:**

- Wages, salaries, and tips;
- Union strike benefits;
- Long-term disability benefits received prior to minimum retirement age;
- Net earnings from self-employment.

**Nontaxable Combat Pay** election. You can elect to have your nontaxable combat pay included in earned income for EITC. The amount of your nontaxable combat pay should be shown on your Form W-2, in box 12, with code Q. Electing to include nontaxable combat pay in earned income may increase or decrease your EITC. See [Publication 3. Armed Forces Tax Guide](#), for more information.

### **Examples of Income that is Not Considered Earned:**

- Interest and dividends
- Pensions
- Social security
- Unemployment benefits
- Alimony
- Child support.